



JOHN CHIANG
California State Controller

September 19, 2008

Department Directors
Department Accounting Officers

Re: State Controller's Office Processing of Claims upon the 2008-09 Budget Enactment

Dear Department Directors and Officers:

The lack of an approved 2008-09 State Budget has prevented state agencies and departments from submitting various claims to my office for payment. As a result, an estimated 80,000+ unpaid claims have accumulated over the course of the past 81 days. I am concerned not only about the fiscal hardship the delay has caused many vendors, small businesses, and service providers, but also about the personal toll on vulnerable Californians – the sick, elderly, disabled, and children – who look to the State to fund the critical public services upon which they rely.

As you know, under normal circumstances, the State Controller's Office has up to 15 days to pay a claim. Given the hardships already experienced by so many during this prolonged delay, I have directed my office to take the necessary steps to reduce our processing time. Specifically, upon enactment of the budget, my goal is to process standard payments within 7– 10 days, if not sooner. To accomplish this goal, my staff is committed to working the necessary overtime, and staff members will be temporarily redirected to address the high number of claims we are expecting.

To realize this goal of ensuring the prompt turnaround of these delayed claims, I need your help. Specifically, I ask that your agency/department:

- Send outstanding claims to my office as soon as the budget is signed by the Governor. This will enable my office to begin processing claims as early as possible. Once the budget is enacted, payments will be made for those claims already processed.
- Prioritize your claim workload, sending the highest-priority claims on a workflow basis. Please be diligent in identifying those truly critical claims that will be placed at the front of

the work queue. Because you are most aware of the vulnerable populations that you serve and the special circumstances that arise within your realm of responsibility, your cooperation is essential to the orderly payment of claims that most deserve expedited attention.

I assure you that my staff is dedicated to the smooth resumption of the normal claim and expenditure system. My office is committed to quickly and efficiently processing the backlog of claims arising from the budget delay.

If you have any questions or need additional assistance during this period, please contact your liaison in the Division of Audits.

Sincerely,

Original signed by,

JOHN CHIANG
California State Controller